

*Testimony before*

## **Michigan House**

### **Standing Committee on Energy and Technology**

June 7, 2006

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My name is Robert Yadon and I am director of the Applied Research Institute in the Center for Information and Communication Sciences at Ball State University in Muncie, Indiana. I am delighted to be back in Michigan, having earned my Ph.D. in mass media from Michigan State University. I am also a senior research fellow with the Digital Policy Institute at Ball State, and I am testifying today in support of House Bill 5895.

Digital technology and the adoption of Internet Protocol as a telecommunications platform have dramatically improved communications in America. But as we move toward a fully digital environment, which promises consumers unparalleled choices in voice, video and data services, we find ourselves saddled with outdated regulations that impede broadband competition and investment.

Michigan currently ranks a rather dismal 30<sup>th</sup> nationwide in broadband deployment on a per capita basis. The state is now at an important crossroads: the Legislature can enact reforms that would expand the network or sit on the sidelines with the hope that Congress will do the work instead. As it is, 14 other states have already surpassed Michigan in crafting reforms.

Opposition to reform from the Michigan Municipal League and the Michigan Cable Telecommunications Association ignores the economic and technological realities of the modern telecommunications landscape. Broadband competition is national, if not international. To the extent that services are regulated at the local level, competition and investment will be stymied. The entry of new firms should be encouraged — not encumbered and delayed, as is the case with municipal franchising.

Consumers clearly are looking for alternatives to cable's market domination that has brought seemingly constant rate hikes and inferior service quality — conditions sustained by municipal franchising. According to federal data, the market share for cable television has fallen from 85 percent in 1998 to 72 percent in 2004, while satellite penetration rose from 12 percent to 25 percent respectively.

A robust broadband market is paramount for Michigan to recapture economic growth. To attract and retain businesses, to persuade Michigan's sons and daughters to stay and work in this state, lawmakers must prepare for the future.

What does this require? With a bipartisan effort, you can maintain valuable services such as community access channels, local control of rights-of-way, and widespread deployment to all sectors of society by supporting legislation such as HB 5895. I know this is possible because we did just that in Indiana earlier this year. What you must resist is the self-serving, anticompetitive rhetoric of opponents who are only interested in maintaining the status quo. This includes unrealistic demands for "build out" requirements.

When suggesting "build out" requirements as necessary, the most common argument used by incumbent cable firms and municipalities is the concept of a "level

competitive market, this capital will be invested elsewhere, leaving the state even further behind than it is at present.

Franchise reform is all about the Information Age and e-commerce. But most of all, it's about the future of Michigan.